Public Service Superannuation Board

Annual Report for 2015-2016

saskatchewan.ca

Government of Saskatchewan

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This annual report is available in electronic format at **www.peba.gov.sk.ca**

Letters of Transmittal

Her Honour, the Honourable Vaughn Solomon Schofield,
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Public Service Superannuation Board for the fiscal year ending March 31, 2016.

Kevin Doherty
Minister in Charge
Public Service Superannuation Board

The Honourable Kevin Doherty
Minister in Charge
Public Service Superannuation Board

Sir:

On behalf of the Public Service Superannuation Board, I have the honour to present herewith the Annual Report of the Public Service Superannuation Board for the fiscal year ended March 31, 2016.

Ann Mackrill, Chair,
The Government of Saskatchewan
Public Service Superannuation Board

Introduction

The primary purpose of the Public Service Superannuation Board (the Board) is to provide pension benefits to employees in the event of retirement and secondarily in the event of termination of employment. The Public Service Superannuation Plan (PSSP) or (the Plan) also provides benefits to the dependents of deceased employees and superannuates in the event of death either prior, or subsequent, to retirement.

The Plan is a defined benefit pension plan, which provides a benefit based on an employee's highest earnings during specified periods taking into consideration their total years of service to a maximum of 35 years. Currently employees who are contributing to the Plan make contributions at a rate of seven per cent, eight per cent or nine per cent, depending on their age when they entered the Plan. This contribution is offset by an amount equal to 1.8 per cent of their pensionable earnings between the Year's Basic Exemption and the Year's Maximum Pensionable Earnings as defined on an annual basis by the Canada Pension Plan.

The Plan is governed by *The Public Service Superannuation Act*, (the Act) which came into being on May 1, 1927.

The Act also governs employees of the Anti-Tuberculosis League and the Saskatchewan Transportation Company.

The Plan was closed to new members as of October 1, 1977.

Public Service Superannuation Board

The Board, which consists of three members appointed by the Lieutenant Governor in Council, is responsible for the administration of *The Public Service Superannuation Act*.

At March 31, 2016, the Board was composed of three members (listed in *Table 1.1*).

Public Service Superannuation Board Members	
Ann Mackrill	Chair
Nathan Hagen	Member
Barry Nowoselsky	Member

Table 1.1

Members of the Board receive no compensation for the performance of their roles as Board members. They are reimbursed for reasonable expenses for attending Board meetings and other functions in their capacity as Board members.

Administration

The Board is ultimately responsible for the Plan's administration and communication activities. To discharge these responsibilities, the Board uses the services of various organizations. The Public Employees Benefits Agency (PEBA) has responsibility for the operation, administration and management of several superannuation plans and other employee benefits programs. PEBA provides the following administrative services for the Public Service Superannuation Plan:

- Pension estimates on retirement, termination, death and breakdown of spousal relationships.
- Annual member statements by the end of June each year;
- Calculation of termination, pension, and death benefits;
- Collection of any contributions; and
- Executive management services to the Board.

PEBA is responsible for ensuring that all transactions are made in accordance with *The Public Service Superannuation Act*, *The Superannuation (Supplementary Provisions) Act*, and their related regulations.

Mission

The Board's mission as the Plan's administrator is to manage the Plan solely in the best interests of the members.

Operational Goals and Objectives

The Board has adopted Operational Goals and Objectives for the administration of the Plan.

Annually, the results of the accomplishment of the objectives set for the Plan is reported to the Board.

The Board has identified three Operational Goals:

1. **Financial Management**

   The Board provides sound financial management of the Plan.

2. **Service Delivery and Communications**

   The Board provides excellent service to the members of the Public Service Superannuation Plan.

3. **Performance Measurement**

   The Board evaluates the performance of the Plan's service providers.

Operational Goals and Objectives

1. Financial Management

The Board provides sound financial management of the Plan.

The primary focus is service delivery for retired members.

Objectives

- The Board carries out an actuarial valuation of the Public Service Superannuation Plan at least every three years.
- The Board annually reviews and approves the operating budget for the Plan and monitors it quarterly.

Activities Accomplished in 2015-2016

- The Board received the actuarial extrapolations for the Public Service, Saskatchewan Transportation Company and Anti-Tuberculosis League Employees Superannuation Plans for the year ending March 31, 2015.
- The Board approved its 2015-2016 budget at its meeting on March 31, 2015.
- The Board received quarterly updates on its budget for the periods ending March 31, June 30, September 30, and December 31, 2015.

Operational Goals and Objectives

2. Service Delivery and Communications

The Board provides excellent service to the members of the Public Service Superannuation Plan.

Objectives

- The Board administers the Plan in compliance with *The Public Service Superannuation Act*, *The Superannuation (Supplementary Provisions) Act*, and the *Income Tax Act* (Canada).
- Plan members have access to the information they require to make decisions about their retirement.
- The Board tables an annual report for the Plan in accordance with *The Executive Government Administration Act*.

Activities Accomplished in 2015-2016

- The Board reviewed the audit of the Plan for the 2014-2015 year provided by the Provincial Auditor of Saskatchewan (PAS) on December 9, 2015. In its opinion, PAS stated, for the year ended March 31, 2015:
    - The Board's financial statements present fairly, in all material respects, the financial position of the Public Service Superannuation Plan as at March 31, 2015.
- The member booklet is available on the PEBA website.
- Retire*With*Ease retirement planning workshops were held throughout Saskatchewan in 2015-2016. These workshops are available to Plan members who wish to attend these sessions.
- The Plan's website is reviewed regularly and items are added or amended as required.
- 2014-2015 Annual Member Statements were issued for active members on June 17, 2015. Inactive member statements were prepared and mailed to 13 inactive members on July 6, 2015.
- The Board's 2014-2015 Annual Report was tabled in the Saskatchewan Legislature on July 23, 2015, prior to the deadline for tabling.

Operational Goals and Objectives

3. Performance Measurement

The Board evaluates the performance of the Plan's service providers.

Objectives

- The Board evaluates the performance of the Plan's actuary annually.
- Administration performance is reported to the Board on a quarterly basis.

Activities Accomplished in 2015-2016

- The Board reviewed the performance of its actuary on July 19, 2015.
- The Board received quarterly reports on administration performance from the Public Employees Benefits Agency for the periods ending March 31, June 30, September 30, and December 31, 2015.

Investments

On November 2014, the remaining assets of the Saskatchewan Transportation Company Employees Superannuation Fund were liquidated to provide retirement benefits to members. Remaining member benefits are paid out of the General Revenue Fund (GRF).

Plan Administration

The Board has delegated the day-to-day administration of the Plan and management of its assets to PEBA.

PEBA provides all services required to operate, administer and manage the Plan in a manner consistent with and according to all statutory provisions and regulations that apply to the Plan. PEBA reports measurement against standards to the Board quarterly. *Table 1.2* provides measurement results for the 2015-2016 year.

PEBA provides Senior Executive Officer services and Executive Secretary services to the Board.

In 2015-2016, the Board paid PEBA $0.9 million for administrative services.

Any deficiencies in the Plan are paid out of the GRF and are the responsibility of the Government of Saskatchewan.

PEBA Service Standards April 1, 2015 to March 31, 2016

Task	Completed	Number that Meet or Exceed Standard	% that Meet or Exceed Standard	Standard* (Days)
Statement on Termination	0	0	n/a	60
Payments	0	0	n/a	14
Retirements	44	42	95.5%	20
Deaths	229	194	84.7%	10
Pension Estimates	40	39	97.5%	25
Spousal Breakdown Calculations	2	2	100%	20
Reciprocal Transfer Values	0	0	n/a	30
Purchase of Service	0	0	n/a	30
General Inquiries	0	0	n/a	14
Total	315	277	87.9%	-

** Standard is set by agreement between the Board and PEBA.*

Table 1.2

Plan Expenditures and Statistics

Benefit Payments

Benefit payments are made in accordance with the Plan rules due to retirement of employees, termination of employment and death benefits (employee or a superannuate).

Annual pensions are calculated as two per cent of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35 years. At age 65, members' pensions are reduced due to integration with the Canada Pension Plan.

In the year ended March 31, 2016, PSSP paid a total of $131.9 million in benefits to pensioners, including retired employees of the Saskatchewan Transportation Company and the Anti-Tuberculosis League.

Contributions to the Plan

In accordance with the contribution schedules, employee contributions to the Plan during the year totaled $98,000. This compares to $142,000 as of the previous fiscal year end. In addition, employer contributions were made to the Plan during the year, totaling $nil, a decrease from $4,000 the previous year.

Table 1.3 shows the number of active and retired employees in the Plan as of the current and prior year-ends.

Active and Retired Employees

	March 31, 2016			March 31, 2015		
	PSSP	**Anti-TB**	**STC**	**PSSP**	**Anti-TB**	**STC**
Active Employees	112	0	1	159	0	1
Inactive Employees	10	0	0	14	0	0
Retired Employees*	5,302	39	99	5,404	39	105
	5,424	**39**	**100**	**5,577**	**39**	**106**

* Includes superannuates, plus their dependents now in receipt of a survivor pension

Table 1.3

These tables are summaries that show the total number of death benefits paid on behalf of superannuates who died during the year and benefits upon termination of employment other than retirement.

Death Benefit Summary

	March 31, 2016	**March 31, 2015**
Superannuate Survivor Pension	89	54
Superannuate Cash Benefit	1	0
Totals	**90**	**54**

Table 1.4

Termination of Employment Summary

	March 31, 2016	**March 31, 2015**
Cancel Deferred *	**0**	**8**
Termination of Membership	0	0
Reciprocal Transfers	0	0
Totals	**0**	**8**

Table 1.5

* Clean-up project of deferred members not eligible for retirement; paid out contributions and interest.

Plan Expenditures and Statistics

Table 1.6 summarizes all employees who retired during the year, including employees of the Saskatchewan Transportation Company and The Anti-Tuberculosis League.

The table is divided by category of retirement and includes employees who terminated and elected retirement at a future date, as well as those who died during the year.

Employee Retirement Summary		
	March 31, 2016	**March 31, 2015**
Attained Age 71	**4**	1
Attained Age 60 - with reduction	0	0
Attained Age 60 - no reduction	1	**0**
Attained 35 Years of Service	43	**43**
Age 55 and 30 Years of Service - reduced pension	0	0
Ill Health Pension	0	0
Granted Deferred Allowance	0	0
Deferred Allowance Now Payable	3	6
Early Retirement Allowance	0	0
Deceased Employees	2	1
Totals	**53**	**51**

Table 1.6

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

Administration of the Plan is presently assigned to the Public Employees Benefits Agency of the Ministry of Finance. Management is responsible for financial administration and administration of the Funds and fund assets.

The financial statements which follow have been prepared by management in conformity with Canadian accounting standards for pension plans as outlined in the CPA Canada Handbook Section 4600, Pension Plans. For matters not addressed in Section 4600, International Financial Reporting Standards (IFRS) have been followed. Management uses internal controls and exercises its best judgment in order that the financial statements fairly reflect the financial position of the Plan.

The pension obligations are determined by an actuarial valuation. Actuarial valuation reports require best judgment in order that the financial statements reflect fairly the financial position of the Plan.

The financial statements have been audited by the Provincial Auditor whose report follows.

A. Mackrill

Ann Mackrill
Chair, The Government of Saskatchewan
Public Service Superannuation Board

Regina, Saskatchewan
June 20, 2016

Actuarial Opinion

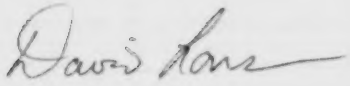
With respect to the Public Service Superannuation Plan (the "Plan"), I have prepared an actuarial valuation as at December 31, 2014 with the results subsequently extrapolated to March 31, 2016 for the purpose of determining the necessary actuarial information for financial statement reporting in accordance with PS3250 and Section 4600 of the CPA Canada Handbook.

In my opinion, for the purpose of this actuarial valuation and extrapolation:

- The data on which this valuation and subsequent extrapolation are based are sufficient and reliable for the purpose of the valuation and extrapolation.
- Where applicable, the assumptions have been adopted as management's best estimates for accounting purposes and, in my opinion, the assumptions are appropriate for the purpose of the valuation and extrapolation.
- The actuarial cost methods, extrapolation methods, and valuation methods employed are appropriate for the purpose of the valuation and extrapolation.
- The actuarial valuation and extrapolation conforms with the requirements of PS 3250 and Section 4600 of the CPA Canada Handbook.

Nonetheless, emerging experience differing from the assumptions will result in gains or losses, which will be revealed in subsequent valuations.

This letter has been prepared and this actuarial opinion has been given in accordance with accepted actuarial practice in Canada.



David R. Larsen, FSA, FCIA
Aon Hewitt

April 29, 2016

Public Service Superannuation Board

Public Service Superannuation Plan

Financial Statements

Year Ended March 31, 2016

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Public Service Superannuation Plan, which comprise the Statement of Financial Position as at March 31, 2016 and the Statements of Changes in Net Assets Available for Benefits and Changes in Pension Obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans for Treasury Board's approval and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Public Service Superannuation Plan as at March 31, 2016 and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Judy Ferguson

Regina, Saskatchewan
June 25, 2016

Judy Ferguson, FCPA, FCA
Provincial Auditor

1500 Chateau Tower - 1500 Broad Street Regina, Saskatchewan S4P 3V2
t 306.787.6398 f 306.787.6383 e info@auditor.sk.ca
www.auditor.sk.ca

Public Service Superannuation Plan
Statement of Financial Position

Statement 1

As At March 31

(in thousands)

	Anti-Tuberculosis League Employees Superannuation Fund		Sask. Transportation Company Employees Superannuation Fund		Public Service Superannuation Fund		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Assets								
Receivables:								
Due from General Revenue Fund (Note 5)	$ 4	$ -	$ 11	$ 6	$ -	$ -	$ 15	$ 6
Deficiency Contribution Due from GRF (Note 6)	2	10	-	4	-	16	2	30
Employees' Contributions	-	-	-	-	-	9	-	9
Total Assets	6	10	11	10	-	25	17	45
Liabilities								
Deficiency Contribution Due to GRF	-	-	6	-	-	-	6	-
Accounts Payable and Accrued Liabilities	6	10	5	10	-	25	11	45
Total Liabilities	6	10	11	10	-	25	17	45
Net Assets Available for Benefits (Statement 2)	-	-	-	-	-	-	-	-
Pension Obligations (Statement 3, Note 4)	2,185	2,604	24,565	27,926	1,966,874	2,234,535	1,993,624	2,265,065
Deficit	$ 2,185	$ 2,604	$ 24,565	$ 27,926	$ 1,966,874	$ 2,234,535	$1,993,624	$ 2,265,065

(See accompanying notes to the financial statements)

Public Service Superannuation Plan **Statement 2**
Statement of Changes in Net Assets Available for Benefits
Year Ended March 31

(in thousands)

	Anti-Tuberculosis League Employees Superannuation Fund		Sask. Transportation Company Employees Superannuation Fund		Public Service Superannuation Fund		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Increase in Assets:								
Investment Income	$ -	-	$ -	$ 5	$ -	$ -	$ -	$ 5
	-	-	-	5	-	-	-	5
Contributions								
Employees' (Note 11)	-	-	-	1	98	141	98	142
Employers' (Note 11)	-	-	-	1	-	3	-	4
	-	-	-	2	98	144	98	146
Deficiency Contribution from General Revenue Fund (Note 6)	388	380	1,924	739	129,528	129,691	131,840	130,810
Total Increase in Assets	388	380	1,924	746	129,626	129,835	131,938	130,961
Decrease In Assets:								
Administration Expense (Note 7)	33	30	33	35	-	-	66	65
Superannuation Allowances	355	350	1,891	1,932	129,421	129,459	131,667	131,741
Refunds and Transfers (Note 11)	-	-	-	-	205	376	205	376
Total Decrease in Assets	388	380	1,924	1,967	129,626	129,835	131,938	132,182
Net Decrease in Assets	-	-	-	(1,221)	-	-	-	(1,221)
Net Assets Available for Benefits, Beginning of Year	-	-	-	1,221	-	-	-	1,221
Net Assets Available for Benefits, End of Year (Statement 1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(See accompanying notes to the financial statements)

Public Service Superannuation Plan **Statement 3**
Statement of Changes in Pension Obligations

Year Ended March 31

(in thousands)

	Anti-Tuberculosis League Employees Superannuation Fund		Sask. Transportation Company Employees Superannuation Fund		Public Service Superannuation Fund		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Pension Obligations, Beginning of Year	$ 2,604	$ 2,250	$ 27,926	$ 24,344	$2,234,535	$1,963,353	$2,265,065	$1,989,947
Increase in Pension Obligations								
Change in Assumptions (Note 4)	-	175	-	4,235	-	346,263	-	350,673
Net Experience Loss (Note 4)	-	465	-	-	-	-	-	465
Interest On Pension Obligations	49	64	621	1,286	52,092	66,447	52,762	67,797
Pension Obligations Accrued	-	-	-	9	817	846	817	855
	49	704	621	5,530	52,909	413,556	53,579	419,790
Decrease in Pension Obligations								
Pension Obligations Paid	356	350	1,891	1,932	129,626	129,835	131,873	132,117
Change in Assumptions (Note 4)	101	-	1,977	-	182,411	-	184,489	-
Net Experience Gain (Note 4)	11	-	114	16	8,533	12,539	8,658	12,555
	468	350	3,982	1,948	320,570	142,374	325,020	144,672
Pension Obligations, End of Year (Statement 1, Note 4)	$ 2,185	$ 2,604	$ 24,565	$ 27,926	$1,966,874	$2,234,535	$1,993,624	$2,265,065

(See accompanying notes to the financial statements)

1. Description of the Plan

a) General

The Public Service Superannuation Board (Board) administers the funds that make up the Public Service Superannuation Plan (Plan). Day-to-day administration is provided by the Public Employees Benefits Agency (PEBA).

The Plan is a defined benefit final average pension plan. Plan details are contained in *The Public Service Superannuation Act* and *The Superannuation (Supplementary Provisions) Act*. The three main components of the Plan are described as follows:

i) Anti-Tuberculosis League Employees Superannuation Fund

The Anti-Tuberculosis League Employees Superannuation Fund (AntiTB Fund) was established under provisions of an amendment to *The Public Service Superannuation Act*, effective April 1, 1979.

ii) Saskatchewan Transportation Company Employees Superannuation Fund

The Saskatchewan Transportation Company Employees Superannuation Fund (STC Fund) was established by an amendment to *The Public Service Superannuation Act*, effective April 1, 1981. The STC Fund accumulates contributions of employees of the Saskatchewan Transportation Company as of March 31, 1981.

iii) Public Service Superannuation Fund

Members of the Public Service Superannuation Fund (PSSF) include those public service employees who were employed prior to October 1, 1977 and did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978.

b) Funding Policy

Members contribute at the rate of seven per cent, eight per cent or nine per cent of salary depending on their age at the date of commencement of employment. Contributions are reduced by an amount equal to deemed Canada Pension Plan contributions.

Certain employers are required to match employees' contributions in respect of current service.

c) Retirement

Normal retirement is at age 65. Members may retire earlier under certain conditions.

d) Pensions

Annual pensions are calculated as two per cent of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35. Members' pensions are reduced due to a bridge benefit granted from retirement to age 65. Pensions are indexed each April 1, based upon 70 per cent of the year-over-year increase in the Consumer Price Index.

e) **Income Tax**

The Plan is a registered pension plan as defined by the *Income Tax Act* (Canada) and accordingly, is not subject to income taxes. Allowances and refunds are subject to withholding taxes that are remitted to Canada Revenue Agency.

2. Basis of Preparation

a) Statement of compliance

The financial statements for the year ended March 31, 2016, have been prepared in accordance with Canadian accounting standards for pension plans as outlined in the CPA Canada Handbook Section 4600, *Pension Plans*. For matters not addressed in Section 4600, International Financial Reporting Standards (IFRS) have been followed.

These financial statements were authorized by the Board for issuance on June 20, 2016.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments which have been valued at fair value.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Plan's functional currency, and are rounded to the nearest thousand unless otherwise stated.

3. Significant Accounting Policies

The significant accounting policies are as follows:

a) Basis of Accounting

These financial statements are prepared on the going-concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual Plan members.

b) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined. The most significant estimation process is related to the actuarial determination of the pension obligation (Note 4).

c) **Future Accounting Changes**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended March 31, 2016, and have not been applied in preparing these financial statements. In particular, IFRS 9, Financial Instruments, for which the effective date of adoption is January 1, 2018. The extent of the impact of adoption of this standard is not known at this time, but is not expected to be material.

4. Pension Obligations

Public Service Superannuation Fund:

An actuarial valuation of the PSSF was performed as at December 31, 2014, and extrapolated to March 31, 2016, by Aon Hewitt. The actuary used the projected benefit method prorated on service to determine the actuarial present value of pension obligations. The next triennial valuation is due December 31, 2017.

The pension obligation is based on a number of assumptions about future events including: discount rate, salary escalation rate, mortality, retirement rates and inflation. The actual rates may vary significantly from the long-term assumptions used. There has been a change in the discount and inflation rates since the previous extrapolation was done. The discount rate is based on the Saskatchewan provincial bond yields with cash flows that match the timing and amount of expected benefit payments from the plan. This discount rate has increased from 2.40 per cent to three per cent, resulting in a decrease in pension obligations. This inflation rate has decreased from 2.50 per cent to 2.25 per cent, resulting in a decrease in pension obligations. The mortality table rates remain unchanged from 2015 (95 per cent of the male base rates, and 110 per cent of the female base rates have been used). Significant long-term actuarial assumptions used in determining the pension obligations were:

	2016	2015
Salary Escalation Rate	3.25%	3.50%
Inflation Rate	2.25%	2.50%
Discount Rate	3.00%	2.40%
Mortality Table	CPM2014 Private, adjusted with generational projection	CPM2014 Private, adjusted with generational projection
Indexing	1.575% (70% CPI)	1.750% (70% CPI)

The following illustrates the effect on the pension obligations of changing the estimated rates of: inflation of 2.25 per cent and discount rate of three per cent.

	Long-term Assumptions			
	Inflation*		Discount Rate	
Assumption Changes	3.25%	1.25%	4.0%	2.0%
(Decrease) Increase in Obligation	(3.5%)	3.8%	(10.3%)	12.4%

* A change in the inflation rate of one per cent has a corresponding change in the discount rate and the salary scale of one per cent.

The net gain due to change in assumptions is due to the change in the discount rate from 2.40 per cent to three per cent, which decreased liabilities by $137,333,000, and the change in the inflation rate from 2.50 per cent to 2.25 per cent, which decreased liabilities by $45,078,000.

The net experience gain is due to indexing at April 1, 2016 being less than expected.

Anti-Tuberculosis League Employees Superannuation Fund:

An actuarial valuation of the Anti-Tuberculosis League Employees Superannuation Plan was performed as at December 31, 2014, and extrapolated to March 31, 2016, by Aon Hewitt. The actuary used the projected benefit method prorated on service to determine the actuarial present value of pension obligations. The next triennial valuation is due December 31, 2017.

The pension obligation is based on a number of assumptions about future events including: discount rate, mortality rates, and inflation. The actual rates may vary significantly from the long-term assumptions used. There has been a change in the discount and inflation rates since the previous extrapolation was done. The discount rate is based on the Saskatchewan provincial bond yields with cash flows that match the timing and amount of expected benefit payments from the plans. This discount rate has increased from two per cent to 2.50 per cent, resulting in a decrease in accrued pension obligation. This inflation rate has decreased from 2.50 per cent to 2.25 per cent, resulting in a decrease in accrued pension obligation. The mortality table rates remain unchanged from 2015 (95 per cent of the male base rates, and 110 per cent of the female base rates have been used). Significant long-term actuarial assumptions used in determining the pension obligations were:

	2016	2015
Inflation Rate	2.25%	2.50%
Discount Rate	2.50%	2.00%
Mortality Table	CPM2014 Private, adjusted with generational projection	CPM2014 Private, adjusted with generational projection
Indexing	1.575% (70% CPI)	1.750% (70% CPI)

The following illustrates the effect on the pension obligations of changing the estimated rates of: inflation of 2.25 per cent and discount rate of 2.5 per cent.

	Long-term Assumptions			
	Inflation*		Discount Rate	
Assumption Changes	3.25%	1.25%	3.5%	1.5%
(Decrease) Increase in Obligation	(2.5%)	2.7%	(6.1%)	6.9%

* A change in the inflation rate of one per cent has a corresponding change in the discount rate of one per cent.

The net gain due to change in assumptions is due to the change in the discount rate from 2.00 per cent to 2.50 per cent, which decreased liabilities by $73,000, and the change in the inflation rate from 2.50 per cent to 2.25 per cent, which decreased liabilities by $28,000.

The net experience gain is due to indexing at April 1, 2016, being less than expected.

Saskatchewan Transportation Company Employees Superannuation Fund:

An actuarial valuation of the Saskatchewan Transportation Company Employees Superannuation Plan was performed as at December 31, 2014, and extrapolated to March 31, 2016, by Aon Hewitt. The actuary used the projected benefit method prorated on service to determine the actuarial present value of pension obligations. The next triennial valuation is due December 31, 2017.

The pension obligation is based on a number of assumptions about future events including: discount rate, mortality rates, and inflation. The actual rates may vary significantly from the long-term assumptions used. There has been a change in the discount and inflation rates since the previous extrapolation done. The discount rate is based on the Saskatchewan provincial bond yields with cash flows that match the timing and amount of expected benefit payments from the plan. This discount rate has increased from 2.30 per cent to 2.90 per cent, resulting in a decrease in accrued pension obligation. This inflation rate has decreased from 2.50 per cent to 2.25 per cent, resulting in a decrease in accrued pension obligation. The mortality table rates remain unchanged from 2015 (95 per cent of the male base rates, and 110 per cent of the female base rates have been used). Significant long-term actuarial assumptions used in determining the pension obligations were:

	2016	2015
Inflation Rate	2.25%	2.50%
Discount Rate	2.90%	2.30%
Mortality Table	CPM2014 Private, adjusted with generational projection	CPM2014 Private, adjusted with generational projection
Indexing	1.575% (70% CPI)	1.750% (70% CPI)

The following illustrates the effect on the pension obligations of changing the estimated rates of: inflation of 2.25 per cent and discount rate of 2.9 per cent.

	Long-term Assumptions			
	Inflation*		Discount Rate	
Assumption Changes	3.25%	1.25%	3.9%	1.9%
(Decrease) Increase in Obligation	(3.4%)	3.6%	(9.1%)	10.8%

* A change in the inflation rate of one per cent has a corresponding change in the discount rate of one per cent.

The net gain due to change in assumptions is due to the change in the discount rate from 2.30 per cent to 2.90 per cent, which decreased liabilities by $1,494,000, and the change in the inflation rate from 2.50 per cent to 2.25 per cent, which decreased liabilities by $483,000.

The net experience gain is due to indexing at April 1, 2016, being less than expected.

5. Due from General Revenue Fund

The STC Fund and the AntiTB Fund bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

Each Fund's earned interest is calculated and paid by the General Revenue Fund (GRF) on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's average daily bank account balance. The Government's average thirty-day borrowing rate in the current year was 0.60 per cent (2015 – 0.92 per cent).

6. Deficiency Contribution from the General Revenue Fund

Under Section 40 of *The Public Service Superannuation Act,* all deficiency contributions received from the GRF are recorded as revenue for the Plan. No funds are set aside for the payment of future benefits. All allowances and other payments are made out of the GRF. The transactions relating to employers' and employees' contributions, superannuation allowances and refunds and transfers are recorded in these financial statements for accountability purposes.

Any deficiency of allowances and other payments over employers' and employees' contributions are recorded as a Deficiency Contribution from the GRF. The administration costs of the PSSF are borne by the GRF (see Note 7).

Subsections 60.1(12) and 60.2(13) of *The Public Service Superannuation Act* state that if there is insufficient money in the STC Fund and the AntiTB Fund to pay allowances or make other payments, the Minister of Finance is obligated to pay any such deficiency out of the GRF.

7. Related Party Transactions

The annual operating expenditures associated with the administration of the STC Fund and AntiTB Fund are paid to the Public Employees Benefits Agency Revolving Fund except for investment management fees incurred for the STC Fund which were paid directly to Greystone Managed Investments Inc.

	(in thousands) 2016				
	PSSP Consolidated Budget	**PSSF Actual**	**ATB Actual**	**STC Actual**	**Total Actual**
Administration Costs	$1,070	$850	$31	$31	$912
Actuarial Fees	12	7	2	2	11
	$1,082	$857	$33	$33	$923

	(in thousands) 2015				
	PSSP Consolidated Budget	**PSSF Actual**	**ATB Actual**	**STC Actual**	**Total Actual**
Administration Costs	$1,359	$1,048	$24	$29	$1,101
Actuarial Fees	32	32	6	7	45
Investment Management Fees	9	-	-	(1)	(1)
	$1,400	$1,080	$30	$35	$1,145

In accordance with subsection 3(3) of *The Public Service Superannuation Act,* all general administrative and employee costs required for the administration of the PSSF are paid out of the GRF. Accordingly, no provision for these costs is included in these financial statements. Administration costs for the year were $850,642 (2015 - $1,048,301). Actuarial fees for the year were $6,601 (2015 - $31,728).

8. Fair Value of Financial Assets and Financial Liabilities

For the following financial instruments, the fair value approximates their carrying value due to their immediate or short-term nature:

a) Due from GRF
b) Employees' contributions receivable
c) Accounts payable and accrued liabilities
d) Deficiency contribution due from GRF
e) Deficiency contribution due to GRF

The fair value of pension obligations cannot be readily determined, however, information about the estimated provision is provided in Note 4.

9. Financial Risk Management

The nature of the Plan's operations results in a statement of financial position that consists primarily of financial instruments. The risks that arise are credit risk and liquidity risk.

Credit risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from accounts receivable. The maximum credit risk to which it is exposed at March 31, 2016, is limited to the carrying value of the financial assets summarized as follows:

	(in thousands)	
	2016	**2015**
	Carrying value	Carrying value
Employees' Contributions Receivable	$ -	$ 9
Due from GRF	15	6
Deficiency Contribution due from GRF	2	30

Employee and employer contributions receivable are generally received in less than 30 days.

Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. Accounts payable and accrued liabilities will be paid within the next fiscal period.

10. Cash Flow Forecast

The total cash inflows are the amount of contributions expected to be received by the pension plan. The total cash outflows are the amounts required to pay all pension obligations. The forecast of cash inflows and outflows have been determined using the long-term assumptions outlined in Note 4. The expected net cash flows are based on actual dollar forecasts unadjusted for inflation.

The cash required for PSSF is the amount by which the cash outflows exceed cash inflows and is forecasted to the end of the year 2076.

	(in thousands)		
Year	Cash Inflows	Cash Outflows	Cash Required
2016-2017	$ 3	$ 132,524	$ 132,521
2017-2018	-	129,655	129,655
2018-2019	-	126,794	126,794
2019-2020	-	123,606	123,606
2020-2021	-	120,487	120,487
Total within 5 years	$ 3	$ 633,066	$ 633,063
Total 5 - 10 years	$ -	$ 559,064	$ 559,064
Total 11 - 30 years	$ -	$1,478,488	$1,478,488

The estimated net cash outflows for the AntiTB Fund for the next five years is $1.2 million, for the next 10 years $1.9 million and for the next 30 years $2.6 million. The estimated net cash outflows for the STC Fund for the next five years is $8.9 million, for the next 10 years $16.6 million, and for the next 30 years $32.4 million.

11. Details of contributions, refunds and transfers

During the year, contributions were as follows:

	(in thousands)	
	2016	2015
Required Employees' Contributions	$ 98	$ 142
Required Employers' Contributions (current service)	-	4
Total (Statement 2)	$ 98	$ 146

During the year, refunds and transfers were as follows:

	(in thousands)	
	2016	2015
Termination Refunds	$ 53	$ 249
Death Benefits	152	127
Total (Statement 2)	$ 205	$ 376